

STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL SERVICES DIVISION  
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DATE: February 13, 2002

PAYROLL LETTER # 02-009  
Civil Service Only

TO: All Agencies in the Uniform State Payroll System

FROM: RALPH ZENTNER, Acting Chief  
Personnel/Payroll Services DivisionRE: **INVOLUNTARY LEAVE**

The purpose of this letter is to provide the procedures for updating EH for an employee on Involuntary Leave (IL) and requesting the Temporary Disability Allowance (TDA) payment pending a CalPERS decision on the disability retirement application.

Effective January 1, 2000, Senate Bill 1073 added Government Code Section 19253.5 (i). This legislation allows a department to request disability retirement on an employee's behalf, remove the employee from the job and place the employee on IL, continue benefit deductions, and pay the employee a temporary allowance pending a CalPERS decision on the disability retirement application. Refer to DPA PML 2002-005 for additional information.

The following highlights the major program requirements for documenting and paying employees while on IL.

- The IL will not be reflected on employment history (EH) until the employee has exhausted his/her other benefit programs and/or leave credits; or the employee chooses not to use leave credits or participate in any eligible benefit programs.
- The S57 transaction with Item 957, Code 19 will be used to document IL per above.
- The NOPA generated from the S57 transaction update does not need to be given to/signed by the employee since the employee is given 15 days advance written notification per Government Code Section 19253.5(i)(1) (see PML 2002-005 for a sample employee notice letter).
- The TDA pay request will be made on Form STD. 674/674D and submitted after the close of the pay period. The TDA pay will be issued as regular pay (payment type 0).
- The TDA payments will not be subject to retirement (see PML 2002-005 for further information).
- The accounts receivable (A/R) needed as a result of CalPERS approving the disability retirement will be established via the normal A/R process with the following exceptions:
  - Employees need not be notified of the impending A/R(s) as outlined in PPM Section I 010.
  - Vision deductions will not be recovered per PML 2002-005.

To expedite processing, Forms STD. 674, 674D, and 674A/R may be submitted via FAX at (916) 322-8137.

Attached are the detailed EH and payroll procedures related to the IL program. These procedures are effective immediately. For employees where a CalPERS decision was made, it will not be necessary to make any retroactive updates to EH or corrections to pay. If an employee is currently on IL status, it is the department's option to continue the current process used for the employee until a CalPERS decision is made or to follow the attached procedures. Note: If TDA payments are/were made via salary advances with no offsetting payments issued prior to the end of the tax year, the salary advances need to be reported to ensure correct wage reporting (see PPM Section I 107 for further details/instructions).

PAM and PPM revisions will be issued in the near future. If you have any questions on these procedures, please contact the appropriate PPSD liaison unit for assistance as follows:

Employment History

(916) 322-6500

Payroll

Refer to PPM Section A 013 for a complete list of the payroll liaison unit telephone numbers.

Attachment

RZ/PMAB/jd

## 'INVOLUNTARY LEAVE AND TEMPORARY DISABILITY ALLOWANCE'

The following outlines the employment history update and payroll procedures for the Involuntary Leave Program as provided by Government Code Section 19253.5(i).

### EMPLOYMENT HISTORY PROCESS

#### A. Employee Placed On Involuntary Leave

EH is to be updated for Involuntary Leave only under certain conditions. If an employee meets the condition, process an S57 transaction with Item 957, Code 19 completed. The transaction effective date is based on the condition the employee satisfies. The condition and related S57 transaction effective dates are as follows.

##### Condition:

Employee has elected not to use available leave credits and not to participate in any eligible programs.

##### S57 Transaction Effective Date:

The date the disability retirement application is made for the employee.

##### Condition:

Employee has exhausted all leave credits/programs and is to receive full TDA pay.

##### S57 Transaction Effective Date:

The day the employee's leave credits are exhausted or the leave program\* ends.

\* Return the employee from the leave program (A03 or 565 with job injury code 3, 4, or 6 (transaction) before processing the S57 transaction. Since the S57 transaction is effective COB, enter BOB in the S57 transaction effective date hours field.

See PAM Section 3.246 for additional S57 transaction coding requirements.

While on the S57 transaction status, the employee's EH record is to be updated for all subsequent personnel actions affecting the employee's position (MSA, reorganizations, reallocations, salary changes, etc.) However, any salary changing actions will not affect the amount of TDA pay to which the employee is entitled.

The NOPA issued per the above transaction processing does not need to be given to/signed by the employee. Instead, discard the NOPA.

#### B. Disability Retirement Denied

If disability retirement is denied and an S57 transaction was processed, void the S57 transaction and correct any subsequent transactions per PAM pages 9.3 - 9.6. This will return the employee to their status prior to the IL. If the employee received partial TDA pay with benefit pay post a 215 transaction the same date as the IL started and enter "ON IL RET DENIED" in remarks. Restore any leave credits the employee used while on IL and update CLAS, if applicable.

#### C. Disability Retirement Approved

If disability retirement is approved and an S57 transaction was processed, void the S57 transaction and post an S71 transaction with the same effective date. If an S57 transaction was not processed, the effective date of the S71 transaction is based on the date of the application for disability retirement and any used leave credits (see PML 2002-005 for further details). See PAM Section 3.250 for S71 coding requirements. Also, void or correct any subsequent transactions per PAM page 9.6.

## PAYROLL PROCESS

### A. Employee On Involuntary Leave

While on IL status, an employee can receive one or more of the following:

#### Leave Credit Pay:

Payment for leave credits. Follow the existing payroll process to issue pay for use of leave credits.

#### Leave Benefit Program Pay:

Payment for any approved leave program. Follow the existing payroll process to issue leave benefit program payments.

#### Partial TDA Pay:

Payment for the difference between the leave credit/benefit program pay and the estimated retirement allowance. Follow the below procedures to issue partial TDA pay.

#### Full TDA Pay:

Payment for the estimated retirement allowance. Follow the below procedures to issue full TDA pay.

#### Continuation of Health Plan Coverage:

Payroll action to continue the employer contributions to the employee's health, dental, and vision plans when the employee elects not to use leave credits or not to participate in any eligible programs. Follow the existing FMLA process, PPM Section H 825, to continue health, dental, and vision coverage with the following exception: indicate in the REMARKS area of the Form STD. 674 that the continuation of health plan coverage is due to IL.

A separate payroll request must be submitted each month to generate TDA pay or continue benefit deductions.

Form STD. 674D -	Partial TDA with benefit program pay
Form STD. 674 -	Full TDA pay - Partial TDA with leave credits
-	Continuation of benefit deductions

All the payroll forms requesting TDA pay/benefit deduction continuation per IL may be faxed to PPSD for processing. FAX telephone number is (916) 322-8137.

Both the full and partial TDA pay will be issued as regular pay (payment type 0) except the retirement deductions will not be withheld. If applicable, follow instructions in PPM Section H 014 to cancel voluntary deductions. Any deductions not listed in Section H 014 will need to be cancelled by the employee through the deduction company. Request for cancellation per PPM Section H 014 should be submitted with the first TDA payment request. Complete the Forms STD 674D/674 per PPM Sections D 010 and E 450 with the following exceptions:

Position: Complete with the employee's regular position number.

Remarks: Indicate "INVOLUNTARY LEAVE TEMPORARY DISABILITY ALLOWANCE" and note if supplementing NDI, IDL, or TD.

Time: 1. For full TDA payments, complete with the time possible for the requested pay period per the employees regular schedule.

- Full time = 21 or 22 days
- Part time = 21 or 22 days at appropriate fractional time base

- Intermittent = Hours per regular schedule, or if no regular schedule, average number of hours worked per month over the last 12 months
2. For partial TDA payments with benefit program payments, determine the employee's time by following the instructions in PPM Section E 454.
  3. For partial TDA payments with leave credits, determine the time possible based on the employee's timebase from the effective date of the S57 to the end of the month. Adjust the hours appropriately for intermittent employees.

Gross: For full TDA pay, enter the estimated disability retirement amount received from CalPERS.

For partial TDA pay enter the difference between the estimated disability retirement amount minus the gross amount from other payments in the pay period.

#### B. Disability Retirement Denied

If the application for disability retirement is denied, the employee is to be reinstated to her/his status prior to the IL. Update EH per above instructions. If the employee is returned to active payroll status, submit a separate Form STD. 674 for each month to request pay and certify additional time if necessary, and to request an adjustment to retirement if TDA pay was issued. If voluntary deductions were cancelled, remind the employee to contact her/his deduction companies to reestablish the voluntary deductions.

Any leave credits used by the employee during the IL period are to be restored to the employee. Update CLAS when applicable.

If the employee only received health, dental, and vision deductions, submit a Form STD. 674A/R to request reversal of the payment type K account receivable. The deductions will be applied to regular pay when issued for the pay period.

#### C. Disability Retirement Approved

Upon notification that the disability retirement has been approved the department must update EH per the above instructions and immediately submit Form STD. 674A/R(s), agency collection, to recover the TDA payments or health and dental deductions. Refer to the instructions in PPM Section I 001-028 for Form STD. 674A/R coding requirements and note in the remarks section "To Recover TDA Pay" or "To Recover TDA Deductions". FAX the Form STD. 674A/R(s) to expedite processing (FAX number (916) 322-8137). When the A/R(s) have been processed and the department has the repayment amount(s), the department will notify CalPERS of the amount due from the employee's retroactive disability benefits.

Note: If a vision deduction was withheld, it will not to be credited on the A/R (see PML 2002-005 for details).

To ensure correct reporting of the employee's taxable income, Form STD 995A, Non-USPS -Agency Collection Accounts Receivable (see PPM Section I 178 and 179), must be submitted when:

1. the accounts receivable is satisfied; or
2. the end of the tax year arrives and the accounts receivable is only partially satisfied.